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Consumer Confidence and Barriers to a Cashless Economy: A Mixed Method Analysis of Digital Payments.

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Abstract:

This study investigates those consumer preferences, confidence levels, and the underlying barriers to the adoption of a cashless economy in India following the 2016 demonetization and subsequent digital reforms. The research is specifically aims to evaluate the impact of technical infrastructure on user trust and analyze public perception regarding the societal benefits such as transparency and the reduction of black money offered by digital payment systems in India.

Keywords: Digital payment, UPI, Demonetization, Cashless Economy, Consumer Perception, India.

Introduction:

Substantial numbers of digital payment systems witnessed after the monetary reforms demonetizations. Digital payments were encouraged by the Government of India after the announcement of demonetization on 8th November 2016.Simultaneously National payments corporation of India standardized and endorsed various digital payments transactions that have user friendly interface such as unified payments interface (UPI), Bharat Interfar for Money (BHIM),USSD,Rupay,and other cash wallets options with different domain names. Digital payment was initiated to bring transparency in transactions and eliminating black money.Digital India was a campaign launched by Government to increase transparency in operations and grasp governances.

Objective of the study:

1. To know the consumer preference for different digital payments in India.
2. To evaluate the impact of technical infrastructure on consumer confidence.
3. To analyze public perception regarding the societal benefits of a cashless economy in India.
4. To investigate the barriers preventing full adoption of digital payments in Inida.

Literature Review:

Dinesh M.kolte, Veena et.al (2020): "Study of UPI/BHIM payment system in India". In this paper researcher aims to that to know the awareness and use of UPI/BHIM services in students of Aurangabad which UPI/BHIM Apps are commonly used by the students and to know the awareness of UPI/BHIM payments systems 200 students were selected from Aurangabad city. This research paper focuses on the use of UPI and BHIM app by user.

Atul Kumar (2019): "A study of significant characteristics of e-payments regime in India" . In paper researcher aims to that to understand and define the e-payment and analyses characteristics of e-payments system and find the features of the ideal electronics payments services. This article is constructed with exploratory research and secondary data. The data was assembled from journals, books, websites, magazines and other published sources available. This study provides an original comprehension of e- payments system, characteristics of the e-payment systems and features of the ideal electronics payments systems.

M.Dadhich, S.S Rao, et.al (2018): "Factor Influencing to User Acceptance Of Digital Payment System" in Paper researcher aims to that technical and perceived security factor that influencing consumers intention towards digital payments. These study both primary and secondary sources of data and tools of analysis of statistical tools regression and Likert five point scales were used.

Ashish Baghla(2018): "A Study on the future of digital Payment in India." In Paper researcher aims to that find out the attitude of people towards. Adoption of digital payment in India and problems faced by people in making digital transfers and most popular method of digital payment and an idea regarding the expected future of digital payment in India. This study both primary and secondary data have been used. Primary data have been collected from using the questionnaire method from 110 people. Secondary data have been collected from various online sources such as website, article, Journals, news etc.

Sujith T S, Julie C d (2015): "Opportunities and challenges of e –payments system in India" in this paper researcher aims that to know the different modes of e-payment and opportunities and challenges of e-payment systems in India. This study is based on secondary data different journal, article, newspaper, books and relevant website. The present study is an is an attempt to examine the E-payment system in India.

Research Methodology

The purpose of the study used both primary and secondary data have been used. Primary data was collected through a questionnaire administered to a sample of 100 respondents. Secondary Data have been collected from various online sources such as websites, articles, Journals, news etc.

Various Methods of Digital Payment Available in India

Digital wallet payment system:

Through this Platform money is loaded in wallets digital like SBI Buddy or PayTM apps are used to operate as closed system. in this only transfers money to another user with the same app. Therefore sending funds from a PayTM wallet to an SBI Buddy wallet was impossible. This has changed now, UPI Making most wallet more flexible. There are some other e –wallet available in the digital market place such as pocket , Buddy, Paypal, JioMoney, Oxigen, Freecharge, Mobikwik etc.

USSD Code Payment System

Everyone can make payments even without a smart phone or internet. It works by dialing a specific code that is *99# from any basic phone. This USSD code payment system uses a simple messages based system called USSD. USSD instantly links your phones network to your banks financial services.

Mobile Money Identifier:

The mobile money identifier is a unique 7 digits number is used by your bank. You get it when your register mobile number for banking. Transfers funds between different banks both sender and receiver need their mobile money identifier. This is mainly used for sending small amount of money.

UPI App based payment platform:

Virtual payment address (VPA) to hid your UPI create a virtual banks details money moves instantly because UPI transactions happens in real-time .this features is now offered by nearly all banks across India. Most banks have simply built this fast payment option right into their regular mobile app. UPI facility is available with all the banking apps like HDFC UPI, SBI UPI, ICICI UPI, AXIS UPI, and almost all the other private and public banks.

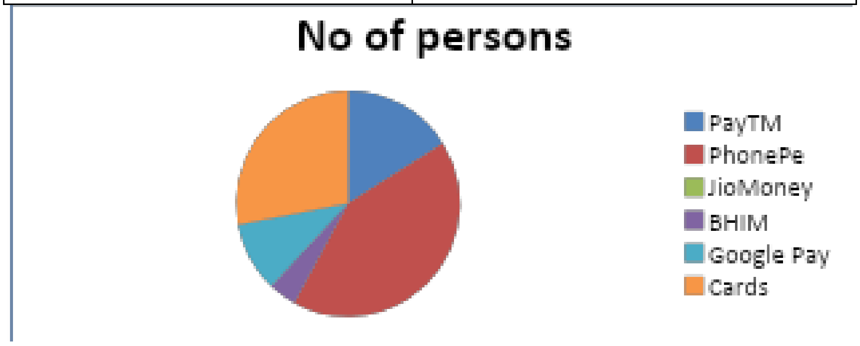
QR Code based payment system:

QR code is again a different mechanism of making the transfer of amount to scan the QR code of the merchant and do the transfer of payment and when you scan it your app the information is automatically read.

Data analysis and Interpretation:

1. Which Apps of digital payment you use?

Apps	No of Respondents
PayTM	16
PhonePe	42
JioMoney	0
BHIM	4
Google Pay	10
Cards	28

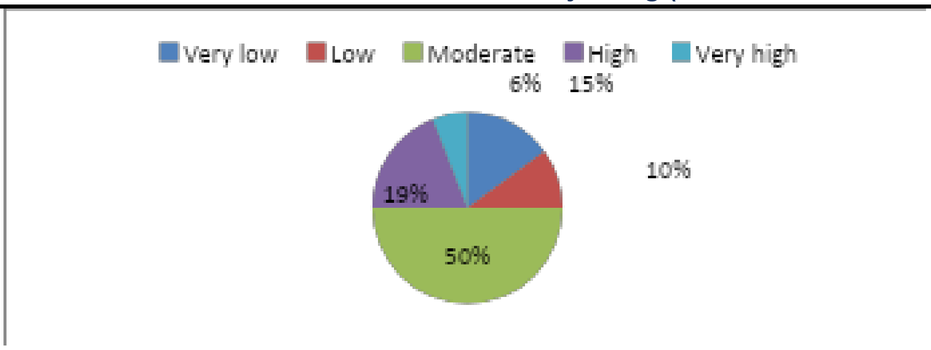


Interpretation:

The data in the table above shows that PhonePe is the most popular app for digital payments. Of the participants surveyed, 42 use PhonePe, 28 use cards, and 16 use PayTM. Additionally, 10 people use Google Pay, 4 use BHIM, and no one uses JioMoney.

2. How much do you trust digital payment systems to complete transaction without technical issues?

Trust Level	No of Respondents
Very low	15
Low	10
Moderate	50
High	19
Very high	06

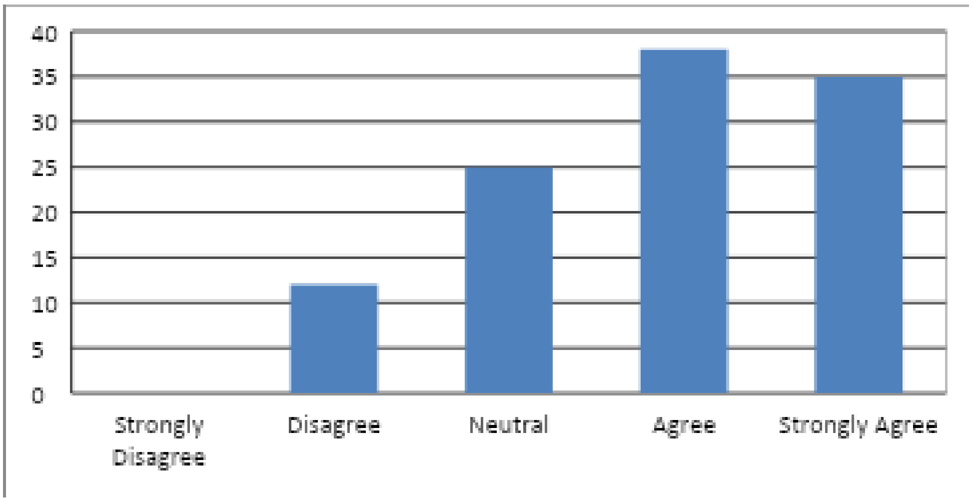


Interpretation:

The data indicates that **50%** of respondents maintain only a moderate level of trust in digital systems, showing a cautious reliance on technology. While **25%** express high confidence, an equal **25%** report low or very low trust, highlighting a significant infrastructure-driven trust gap.

3. Do you believe that a cashless system is a better way of handling money compared to traditional cash?

Level	No of Respondents
Strongly Disagree	00
Disagree	10
Neutral	25
Agree	30
Strongly Agree	35

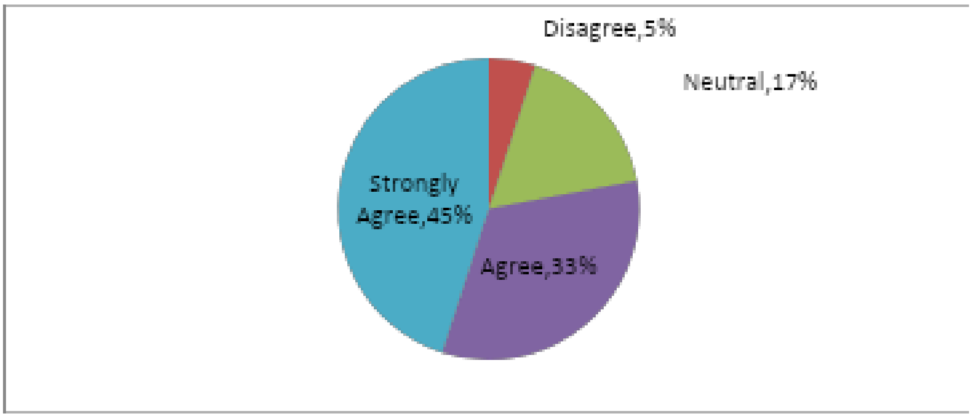


Interpretation:

The survey shows strong public support for digital finance, with **73%** of respondents agreeing that a cashless system is superior to traditional cash. While **25%** remain neutral, only a small minority of **12%** disagree, indicating significant societal acceptance of the digital transition.

4. Do you agree that digital payments are a better and more transparent way to reduce black money than cash?

Response	No of Respondents
Strongly Disagree	00
Disagree	05
Neutral	17
Agree	33
Strongly Agree	45

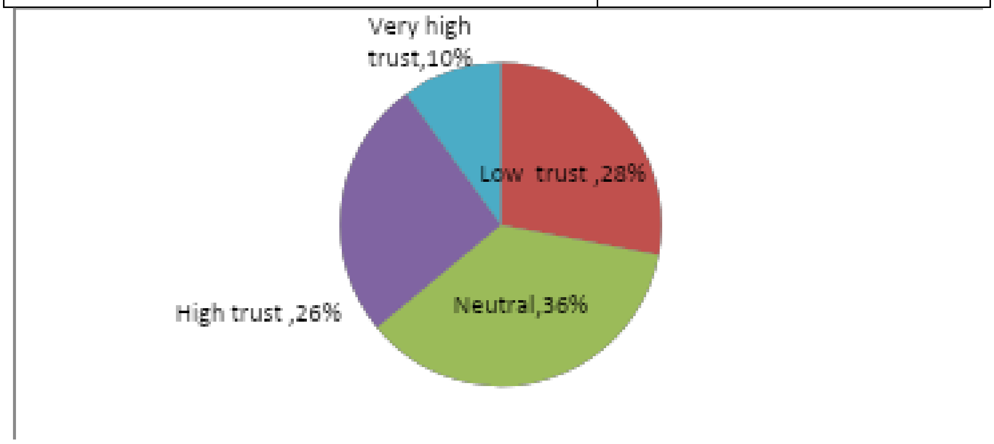


Interpretation:

The survey shows that **78%** of respondents agree that digital payments are more transparent and effective at reducing black money than traditional cash. With only **5%** expressing disagreement, the data indicates a widespread belief that digital systems serve as a powerful deterrent against financial corruption.

5. Do you trust digital payments to work successfully without technical failures or network delays?

Level of Trust	No of Respondentas
Very low trust	00
Low trust	28
Neutral	36
High trust	26
Very high trust	10



Interpretation:

The data shows that only **36%** of respondents have high or very high trust in digital payment reliability, while a matching **36%** remain neutral. A significant **28%** of users express low trust, signaling that technical failures and network delays remain persistent barriers to full adoption.

Major challenges/problems of digital payments:

1. Lack of digital literacy
2. Lack of trust issues among the people in digital payment
3. Poor internet connection sometimes
4. Digital payment requires smart phones and stable internets
5. Technical Problems
6. Cyber fraud

Conclusion:

From this research we can identify that, towards cashless economy is definitely good one but it will take more time becoming cashless economy. In this we easily understand that what is the digital payment and it earning identity in economy and we can understand that major challenges / problems digital payments facing in the economy and digital payment will take time in Indian to become completely cashless economy.

Limitation of the study:

1. Limited sample size 100 people.
2. Limited coverage of areas
3. Less interest shown by respondents in writing their opinions.

Reference:

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